



# County of Los Angeles CHIEF EXECUTIVE OFFICE

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Interim Chief Executive Officer

August 17, 2015

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From: Sachi A. Hamai  
Interim Chief Executive Officer

## **MOTION TO INSTRUCT THE INTERIM CHIEF EXECUTIVE OFFICER TO SUPPORT SB 350 (DE LEON), THE CLEAN ENERGY AND POLLUTION REDUCTION ACT OF 2015 (ITEM NO. 40-C, SUPPLEMENTAL AGENDA OF AUGUST 18, 2015)**

Item No. 40-C on the August 18, 2015 Supplemental Agenda is a motion by Supervisor Solis instructing the Interim Chief Executive Officer, in coordination with the County's legislative advocates, to support SB 350 (De León), the Clean Energy and Pollution Reduction Act of 2015. This legislation would implement new Golden State Standards "50-50-50" benchmarks by raising California's renewable portfolio standard from 33 percent to 50 percent striving for a 50 percent reduction in petroleum use, and increasing energy efficiency in buildings by 50 percent by the year 2030.

### **Background**

On January 5, 2015, Governor Brown proposed three goals to be accomplished within the next 15 years to deal with the effects of climate change:

- 1) Increase from one-third to 50 percent the State's electricity derived from renewable sources;
- 2) Reduce petroleum use in cars and trucks by up to 50 percent; and
- 3) Double the efficiency of existing buildings and make heating fuels cleaner.

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## **Renewables Portfolio Standards Program**

SB 1078 (Chapter 516, Statutes of 2002) established the California Renewables Portfolio Standards (RPS) Program, which requires retail sellers of electricity to buy 20 percent of their power from renewable sources. SB 107 (Chapter 464, Statutes of 2006) accelerated the deadline for 20 percent to 2010 and SBx1 2 (Chapter 1, Statutes of 2011) codified the current 33 percent by 2020 RPS target.

The Renewable Electricity Standard applies to all electricity retailers in the State including publicly owned utilities (POUs), investor-owned utilities (IOUs), electricity service providers, and community choice aggregators. All of these entities must adopt the new RPS goals of 25 percent by the end of 2016, and the 33 percent by the end of 2020.

Renewable energy sources include: biodiesel, biomass, biomethane, fuel cell, geothermal, small or conduit hydroelectric, water supply or conveyance system, municipal solid waste combustion, municipal solid waste conversion, ocean thermal or wave, solar, tidal current, and wind.

## **Petroleum Reduction**

AB 2076 (Chapter 936, Statutes of 2000), required the California Energy Commission (CEC) and the California Air Resources Board (CARB) to adopt recommendations to reduce petroleum dependence. The AB 2076 report issued in 2003 recommended that the State: 1) adopt a statewide goal of reducing on-road gasoline and diesel consumption by 15 percent below 2003 levels by 2020; 2) work with states to establish national fuel economy standards that double fuel efficiency; and 3) establish a goal to increase the use of nonpetroleum fuels to 20 percent by 2020 and 30 percent by 2030.

Since that time, various statutes have been enacted which require CARB to adopt and implement various standards related to emissions from motor vehicles, including:

- AB 1493 (Chapter 200, Statutes of 2002) – which requires CARB to adopt regulations that achieve the maximum feasible and cost-effective reduction of greenhouse gas (GHG) emissions from motor vehicles;
- AB 1007 (Chapter 371, Statutes of 2005) – which requires CEC and CARB to adopt a State plan to increase the use of alternative transportation fuels, including setting alternative fuel goals for 2012, 2017 and 2022;

- AB 32 (Chapter 488, Statutes of 2006) – which requires CARB to adopt a statewide GHG emissions limit equivalent to 1990 levels by 2020 and to adopt rules and regulations to achieve maximum technologically feasible and cost effective GHG emission reductions;
- SB 375 (Chapter 728, Statutes of 2008) – which requires metropolitan planning organizations to include sustainable communities strategies in their regional transportation plans for the purpose of reducing GHG emissions from transportation; and
- SB 1275 (Chapter 530, Statutes of 2014) – which establishes goals of, among other things, placing in service at least 1,000,000 zero-emission and near-zero-emission vehicles by January 1, 2023, and increasing access for disadvantaged, low-income, and moderate-income communities and consumers to zero-emission and near-zero-emission vehicles.

### **Building Energy Efficiency**

AB 758 (Chapter 470, Statutes of 2009) requires the CEC to establish regulations to develop and implement a comprehensive program to achieve greater energy savings in California's existing residential and nonresidential building stock. The AB 758 program is targeted at buildings that "fall significantly below" the current Title 24 energy efficiency standards.

The resulting Existing Buildings Energy Efficiency Action Plan (EBEE Action Plan) provides a 10-year framework to focus State and local governments, the building, contracting industries, and real estate industries, financial market actors, and other key stakeholders on achieving much greater energy and water efficiency in existing residential, commercial and public buildings. The EBEE Action plan covers all existing buildings in the single-family, multifamily, commercial and public buildings sectors.

### **SB 350 (De León) – Golden State Standards 50-50-50**

**SB 350 (De León)**, as amended on July 16, 2015, would establish targets to reduce petroleum use in motor vehicles by 50 percent by 2030, double the energy efficiency of buildings by 2030, and increase retail sales of renewable electricity to 50 percent by 2030. Specifically, SB 350 would:

- 1) Direct CARB, in adopting motor vehicle emission, performance and fuel standards pursuant to its existing authority, to achieve a 50 percent reduction in petroleum use in motor vehicles by 2030 and require it to prepare a petroleum reduction strategy and implementation plan by January 1, 2017, to be updated every three years;
- 2) Direct CEC to adopt an update to the AB 758 of 2009 program, by January 1, 2017 and every three years thereafter, to achieve an overall doubling of the energy efficiency of buildings by January 1, 2030;
- 3) Require the CEC to adopt, implement, and enforce a responsible contractor policy for use across all ratepayer-funded energy efficiency programs that involve installation or maintenance, or both, to ensure that retrofits meet high-quality performance standards and reduce energy savings lost or foregone due to poor-quality workmanship;
- 4) Establish a RPS target of 50 percent by December 31, 2030 and thereafter for retail sellers and POUs, including interim targets of 40 percent by the end of the 2021-2024 compliance period, 45 percent by the end of the 2025-2027 compliance period, and 50 percent by the end of the 2028-2030 compliance period;
- 5) Require the Public Utilities Commission to direct each IOU to include in its proposed procurement plan a strategy for procuring a diverse portfolio of resources that provide a reliable electricity supply, using zero carbon-emitting resources to the maximum extent reasonable;
- 6) Requires CARB to identify and adopt appropriate policies to remove regulatory disincentives facing retail sellers from facilitating the achievement of GHG emission reductions in other sectors through increased investments in transportation electrification, including an allocation of GHG emissions allowances to retail sellers to account for increased emissions in the electric sector from transportation electrification;
- 7) Requires the PUC, in consultation with the CARB and CEC, to direct IOUs to propose multiyear programs and investments to accelerate widespread transportation electrification to reduce dependence on petroleum, meet air quality standards, achieve the goals set forth in SB 1275, and reduce emissions of greenhouse gases to 40 percent below 1990 levels by 2030 and to 80 percent below 1990 levels by 2050; among other provisions.

According to the author's office, SB 350 would implement new "50-50-50" benchmarks by raising California's renewable portfolio standard from 33 percent to 50 percent, striving for a 50 percent reduction in petroleum use, and increasing energy efficiency in buildings by 50 percent by the year 2030 and would make these standards permanent, trackable, and enforceable by enacting them into law and building on the accountability mechanisms already in existence to ensure they are fully implemented.

SB 350 is supported by the: American Lung Association in California, Audubon California, Breathe California, California League of Conservation Voters, Natural Resources Defense Council, Sierra Business Council, South Coast Air Quality Management District, and U.S. Green Build Council, among others.

The measure is opposed by the: Agricultural Council of California, Associated Builders and Contractors of California, California Chamber of Commerce, California Retailers Association, International Council of Shopping Centers, Orange County Business Council, Valley Industry and Commerce Association, and Western States Petroleum Association, among others.

SB 350 is scheduled to be heard in the Assembly Appropriations Committee on August 19, 2015.

### **Conclusion**

The Board-adopted 2015-16 State Legislative Agenda contains policies to support proposals that would assist local government compliance with existing and pending regulations to reduce emission from both mobile and fixed sources and to support measures that incentivize actions by the County and other local governments to reduce greenhouse gas emissions and meet AB 32 of 2006 mandates both through their operations and their regulatory authority. The State Legislative Agenda also contains policies to support proposals to increase funding for programs administered or managed by public agencies for public and private sectors which encourage and/or implement reduced energy consumption, reduced peak energy usage, on-demand energy usage reduction (demand response), increased renewable energy usage (solar photovoltaic, solar water heating, clean natural gas use, bioenergy), energy storage, energy data management systems, water efficiency/conservation, and energy financing programs.

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**However, none of these policies address establishing new targets to reduce petroleum use in motor vehicles by 50 percent by 2030, double the energy efficiency of buildings by 2030, and increase retail sales of renewable electricity to 50 percent by 2030. Therefore, support for this motion is a matter for Board policy determination.**

SAH:JJ:MR  
AO:lm

c: Executive Office, Board of Supervisors  
County Counsel